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SUPERANNUATION AND IDEOLOGY:
THE SEARCH FOR AN EFFECTIVE
POLICY FOR THE AGED IN
NEW ZEALAND, 1974 - 1984

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CHAPTER 1: AN AGENDA FOR CHANGE

It is clear that the development of a social policy towards the elderly in New Zealand has been one of a direct response to their prevailing situations. The early developments in 1898 and 1938 both were a result of government action dictated by the over-riding economic and social problems peculiar to those times. Both the 1898 Old Age Pensions Act and the 1938 Social Security Act reflected a different welfare ideology to that of today. The first was an Act influenced by the new wave of thinking on the role of the state in the welfare of its citizens at the end of the Nineteenth Century. The second was a progression from that, and was representative of the view of "state humanitarianism."⁽¹⁾ The 1938 Social Security Act laid the foundations for the development and growth of the welfare state in New Zealand. But was its basic ideology to remain as the stimulus for further development?

Within the last fifteen years the Government's policy on welfare for the aged in New Zealand has undergone many changes. The 1972-75 Labour Government totally reconstructed the existing system of benefits for the elderly, but this was short lived as the 1975-84 National Government scrapped the Labour Government's scheme within a year of taking office and initiated its own scheme. On its return to office in 1984 the Labour Government again altered the welfare provisions for the elderly.

What is to be made of these upheavals? Have these changes been a coherent expression of party philosophy, or have they been a pragmatic response to both the circumstances of the elderly in New Zealand society, or are they political moves by the major actors in the New Zealand Parliament? By surveying the history and development of a welfare policy towards the aged in New Zealand, I hope to discover the impetus for the changes of the 1970's. Then by examining the Parliamentary debates over each major piece of superannuation legislation, I hope to analyse the debate from its ideological context. And finally I wish to see whether the debate in its broadest ideological context, fits into the world wide debate over the effectiveness of welfare, and if so, are the changes experienced in New Zealand a response to this.

Endnote:

1. E. Hanson, The Politics of Social Security, Auckland, 1980, p.13.

CHAPTER 2: THE HISTORICAL DEVELOPMENT OF SUPERANNUATION
IN NEW ZEALAND: 1898 and 1938

The development of a welfare policy for the elderly in New Zealand was an early innovation. In a historical context the development was a "haphazard response to specific needs, and to specific economic and social changes (which developed) as the social conscience of the nation was awakened."⁽¹⁾ It was a response to the new environment, a place of isolation and insecurity.

To a considerable extent the conditions of the old country had been transported to the new. Social problems of poverty and destitution existed, but the traditional means for relieving these problems did not. Some form of relief aid did exist: private charity and outdoor work schemes were available in some areas, but the main form and the most wide-spread form of welfare support was given over to the extended family or to near relatives. Such initiatives were reinforced by Government legislation, for example, the Destitute Persons Act of 1877.⁽²⁾ From the beginning a strong feature of the emerging society was the emphasis on the principle of egalitarianism in the sense of equalising upwards and narrowing the margins of affluence and privilege. This emphasis on equality highlighted a problem in the state's role in welfare, for it pointed out that

"New Zealand lacked a sufficiently affluent or numerous wealthy class who could donate charitable funds for hospitals, poor relief and education. So, from an early stage, state participation in (if not fully responsible for) ... welfare services became essential and inevitable".⁽³⁾

In response to the difficulties experienced by many during the Long Depression of the 1880's there was widespread public agitation for the Government to formulate a new approach to welfare. The Liberal Government under Richard Seddon was both responsive to the public demands and to the new welfare philosophies prevailing in Europe.

As a result of the economic hardships of the Long Depression, the changing nature of the workplace and the increasing industrial legislation initiated by W. Pember Reeves, the elderly were left in a precarious situation. The Government had established a Select Committee in 1894 to investigate an old age pension scheme. This was followed by two bills (1896; 1897) both of which were rejected. An Old Age Pension Act was finally passed in November 1898.

The Old Age Pensions Act, 1898

The Act established a pension of £18 per annum to be paid to those aged 65 years or older. The pension was characterised by a stiff means and residence test. To qualify one had to be a New Zealand resident of twenty-five years, of good character and of British nationality. Therefore the eligibility criteria excluded other racial groups in

New Zealand. This was included to specifically exclude Asians. The Maori population were also excluded. Most early welfare provisions excluded Maoris until the twentieth century. The pension also included a means test; those with other means of income from private investment or from property faced a reduction in their pension if it exceeded a certain level.⁽⁴⁾

The payment of the pension out of general government revenue was a recognition of an urgent need. The economic and social problems stemming from the Long Depression was responsible for the Government's response to the problems facing the elderly. Because of such urgent need the Government did not have time to institute a contributory pension scheme and since the country was prospering economically in the wake of the depression it was able to formulate such a generous non-contributory scheme.

Poverty alone was not a significant criteria for payment as the pension criteria highlights, but it was a recognition by the Government of the principle of state responsibility for the relief of individual poverty within the community.⁽⁵⁾ The approach was universal in nature. It was a rejection of the indignity involved in a selective approach. Contained in such an approach is the notion of the dignity of the elderly and a recognition of the contribution the elderly have made to the national development of New Zealand society as a whole.⁽⁶⁾

Although the Act was generally accepted, many contemporaries viewed it with hostility. The Otago Daily Times called it "a curious piece of legislation" in an editorial.⁽⁷⁾ And a correspondent to the same paper attacked the provisions of the Act:

The above bill has now been passed ... As a working man and a firm believer in social reforms, where abuses or oppression in any form exist, and as an ardent supporter of the Old Age Pensions, I am very sorry that this bill has been passed in its present form ... it is pauperising in its effect. The good, provident, and industrious citizen is to be brought down to the level of the spendthrift, and improvident ... Clearly, then, no pension ought to be granted unless each citizen contributes a portion of it ... The age of pensioners ought to be made 60 years. There is little chance of a man getting work at 60.⁽⁸⁾

Whatever the views of contemporaries, the 1898 scheme was the result of a practical humanitarian attempt to deal with the economic and social realities of insecurity; it was a pragmatic response to social need, shaped by circumstance rather than by ideology.

The 1938 Social Security Act

A second period of innovation by the State on welfare policy came in 1938. As the Long Depression of the 1880's had led to change, so did the Great Depression of the 1930's. Again the development of social policy was a direct response to a social and economic crisis. The election of the first Labour Government in 1935 was a response to the hardship of the depression and the promise of a better future.⁽⁹⁾

The crowning achievement of the Labour Government was the 1938 Social Security Act. It was a response to the past economic crisis and was "born out of a direct experience of hardship shared by most people in the community".⁽¹⁰⁾ The situation had dictated the Government's response. The Depression had decimated any private pension provisions and again urgency prevented the Government introducing a contributory earnings related scheme. The Government had initially intended to introduce a universal superannuation scheme for all New Zealanders, but the cost of such a scheme at that time proved prohibitive.

The superannuation clauses of the 1938 Act lowered the retirement age to 60 years, where the Government would pay a means tested pension. A universal pension would be paid to all New Zealanders at the age of 65 years.⁽¹¹⁾ As a consequence of this, the state pensions effectively inhibited the future development of private insurance or occupational based pension funds provided with the assistance of employers.⁽¹²⁾

The Labour Government advocated universal benefits at a level of the prevailing standard of living as a right of citizenship. The system of monetary benefits initiated under the 1938 legislation "was as much a practical and emotional response to urgent need as it was an expression of the Government's social philosophy".⁽¹³⁾ The Act did not identify or define any clear political ideology. It was a logical extension of the previous welfare legislation. As a Select Committee of the time concluded, the Act

was "the embodiment of the public conscience as to the community's responsibilities for those who have been deprived of the means of fending for themselves." (14)

As a consequence the aims and principles of the 1938 legislation were an extension of the earlier innovations in social policy. But the 1938 Act should not be dismissed as a mere extension of what had gone before, as it was a landmark in New Zealand social legislation. It was born out of severe economic depression as a result of a shared experience of hardship in those years.

Both the 1898 Old Age Pensions Act and the 1938 Social Security Act are watersheds in the development of a social policy toward the aged in New Zealand. Little innovation in this field of social policy occurred until the election of the third Labour Government in 1972. As a stimuli for innovation much depended on the recommendations of the Royal Commission of Inquiry into Social Security. Established by the National Government in 1969. Its brief was to investigate and recommend changes and improvements to the existing system. It reported in March 1972. The report was in many ways conservative, being a codification of previous legislation and principles. In its assessment of the adequacy of the existing benefit levels, its recommendations went further. (15) The Commission extended the aims of social security to include the notion of community and belongingness. These recommendations were to act as the stimulus for the innovations of the Labour and National Governments of the 1970's.

Endnotes:

1. Royal Commission of Inquiry into Social Security, Social Security in New Zealand, Wellington, 1972. p.36.
2. Ibid, pp.38-39.
3. Ibid, p.39.
4. Ibid, p.43.
B.H. Easton, Pragmatism and Progress: Social Security in the Seventies, Christchurch, 1981. p.24.
5. Royal Commission, Social Security in New Zealand, pp.42-43.
6. B.H. Easton, Social Policy and the Welfare State in New Zealand, Auckland, 1979, p.65.
7. Editorial, Otago Daily Times, 13 October 1898, p.4.
8. Letter to the Editor, Otago Daily Times, 13 October 1898, p.4.
9. R. Chapman, "From Labour to National" in The Oxford History of New Zealand, (ed) W.H. Oliver, Wellington, 1981, pp.333-334.
10. Royal Commission, Social Security in New Zealand, p.45.
11. B.H. Easton, Pragmatism and Progress, p.27.
12. B.H. Easton, Social Policy and the Welfare State, p.63.
13. Royal Commission, Social Security in New Zealand, p.46.
14. Ibid.
15. G. Dunstall, "The Social Pattern", in The Oxford History of New Zealand, (ed) W. Oliver, p.422.

CHAPTER 3: LABOUR IN POWER: THE NEW ZEALAND SUPERANNUATION SCHEME

With little change in the field of welfare policy for the aged in 35 years, the 1970's were to become a decade of major change. The first innovation in social policy toward the aged was initiated by the third Labour Government of 1972-75. The 1972 Election Manifesto of the Labour Party included a plan for a massive restructuring of the existing system of benefits for the elderly. The impetus for change was twofold: first, the report of the Royal Commission into Social Security in March 1972 had provided a base for innovation on welfare policy. The Commission had concluded that the existing benefit structure was sufficient but that there was a need for change to retain efficacy in the future. The second stimulus for change was a recognition of an economic problem, in a period of low economic growth and high inflation, the state had to question the fact that its present social security provisions may be failing to meet the growing social distress in the community at large.

The Labour Government proposed a new Superannuation Scheme to be complementary to the existing benefit structure. It was to be the third part of a three part welfare system aimed at improving the standards of living of New Zealanders. The first part of the system was the existing social security system, based on the 1938 Social Security Act. This was a continuation of the principle of state humanitarianism, of

the state helping those in need. The second level of the policy was the Accident Compensation Scheme. This scheme initiated by the previous National Government and extended by the Labour Government in 1973, provided benefits that were income related for those injured at work or elsewhere. The scheme was to be funded by compulsory contributions from employers, the self employed and motor vehicle owners. The third tier of the Government's policy was the New Zealand Superannuation scheme, to be based on the same insurance principles of compulsory contributions.⁽¹⁾

The New Zealand Superannuation scheme was a departure from the principles of the welfare state as set down by the previous pieces of legislation. It was a departure from the established principles of benefits being entirely generated out of general state revenue. The New Zealand Superannuation scheme was to be funded by contributions which were earnings related. The worker would contribute four per cent of his income which was supplemented by a further four per cent by the employer. This was then placed in a state-held investment and was to be paid out as a supplement to the existing superannuation provisions on retirement. The scheme allowed for portability between employment, which enabled one to change employment without having to lose any contributions to previous superannuation schemes. This was a recognised problem with many existing employer or occupational based superannuation schemes.

The fund generated by the scheme would not make its first payments until the 1980's and the scheme itself would not be

fully operational until the year 2020. In its simplest form the scheme can be seen as a tax investment programme with delayed social security effects.⁽²⁾

As with the earlier provisions for the welfare of the elderly in New Zealand, the 1974 New Zealand Superannuation scheme can be assessed in the terms of a response to an economic and social crisis. The social crisis being the declining efficacy of the existing provisions for the elderly in the light of the growing economic crisis. This economic crisis being the slowing down of the rate of economic growth and a period of growing rates of inflation which had been brought on by the first world wide oil crisis of the early years of the 1970's.

The Labour Government still maintained the traditional attitude of the state in its welfare function of providing a means of guaranteeing an adequate source of income for the retired.⁽³⁾ Thus the aim of the new scheme was initially to improve levels of retirement income, and second to provide an investment fund to be used to improve national economic performance. The fund was to be "invested in capital assets of a revenue-producing nature."⁽⁴⁾ And the Government had "A spread of investment funds ... worked out ... That means that substantial amounts of this money will go into Government bonds: another significant amount will go into local body issues, and some will go into the mortgage market."⁽⁵⁾ Money would also be invested in debentures and fixed loans to manufacturing industries, and some investment on the share market.

The Labour Party policy had been drawn up by the party while in opposition. In most instances little consideration was given to the ideological context of the policy. It had been guided by two leading members of the Labour Caucus, W.E. Rowling (the Minister of Finance), and R.O. Douglas. Their aim was to formulate a policy which did not detract from the traditional attitude of the party toward welfare and develop a scheme which would provide the Government with a source of investment capital. As one commentator has stated, the policy was "developed by a small group of determined politicians whose financial and economic backgrounds enabled them to appreciate the need for a source of capital for investment in the economy."⁽⁶⁾ Hence the basis of the policy source was narrow and the issues under investigation were (a) the retirement strategy, (b) the benefits involved, and (c) the costs of the schemes in relationship to economic performance.

As a consequence of this, the policy was muddled and difficult to understand. The scheme was highly complex, and was incomprehensible to many, including the Government. During its passage through the House the Bill was almost totally rewritten, although it still did not become clear. The debate over the Bill highlighted its complexity and the anomalies of the scheme.

Due to the haphazard way the Government drew up the Bill, and then proceeded to rush it through Parliament, many faults were to be found with it. In the committee stages of the

Bill 94 of the 106 clauses had to be either rewritten or revised. The Bill came in for a large amount of criticism from both the Opposition and the public.

Much of the criticism was levelled at the way the Bill was selective in its approach to superannuation. As an earnings related scheme it excluded non-earners, which was to bring a strong attack from women's groups. Women argued for the recognition of their unpaid work as wives and mothers. They argued that once a woman left the work force to become a mother or took on unpaid community work, and who then later returned to paid employment would not benefit from such a scheme. The contributions made while she was in paid employment would be so small that her return in retirement would be likewise.⁽⁷⁾

A second criticism levelled at the Bill was that by its very nature it would continue to perpetuate income inequality in New Zealand society into old age. Here the scheme appears to be revising one of the principles on which the basis of New Zealand's society rests: the principle to establish an equal society in the sense of equalising upward and to narrow the margins of affluence and privilege. This scheme would accentuate such gaps. Also the scheme was of little use to those about to retire. They would not benefit from such a scheme as their contributions would be too small to gain any real benefit from it in retirement, and their chances of drawing from the fully operational scheme were limited.

Further problems with the scheme concerned the position of the self-employed, who were originally excluded from the scheme, but later the Bill was amended to incorporate them. Other problems arose over the relationship between the State scheme and the existing private schemes. Questions were raised about the way the scheme "locked in" contributions, which were unable to be used until retirement. Why could one not borrow the funds in cases of emergency, and could not women use their contributions in establishing a home and in raising a family?

From the start, the focus of the debate over the New Zealand Superannuation Bill was a general air of support for the principles of superannuation, from both the Government and the Opposition. As the debate progressed there developed a clear philosophical base to the Opposition's argument. While the Government was arguing from a clearly practical view that the scheme had a twofold aim, with the focus being on the creation of an investment fund, and the principle of self-help. It is apparent that the Labour Government was arguing from the point of view that by initiating such a scheme they were inviting the citizens of New Zealand to help themselves to prepare for old age. Whereas the National Opposition had adopted the viewpoint to argue the principles of social welfare, and the criteria by which they should be applied.

The content of the philosophical debate was an argument over the criteria used in the payment of benefits. The Labour Government was advocating a policy of social insurance

whereby one contributes to help oneself in later years. Although the National Opposition does not disagree with this principle, their argument is developed from a point of view calling for a universal and comprehensive benefit coverage. As the National Party adopted the conventional wisdom of social security during its time in office, it had developed the view point advocating universal welfare rights.

As I have already stated the New Zealand social security system had been based on the criteria of universal entitlement for all citizens to receive a state pension. This had developed as the result of historical circumstances. The result being a system based on a principle of a right to welfare, with this right being based on a criterion of need. Entitlement was based on the individual's degree of need.

Government spokespersons argued that the objective of the Bill was "to provide wage related and cost of living adjusted pensions in retirement for the whole workforce" and that "The Bill provides for meeting the real needs of the people of this country in times of adversity and when they reach retirement."⁽⁸⁾ The Government argued that as a part of a three tier welfare structure, the scheme is desirable as a way for New Zealanders to supplement their retirement incomes. As a comprehensive scheme covering the whole workforce, it created a "reasonable standard of benefit".⁽⁹⁾ The purpose of the scheme was to allow the Government to concentrate on other welfare areas of concern.

The language used in the opening speech by the Minister of Finance, W.E. Rowling, appealed to the notion of the dignity of the aged. This notion of the dignity of the elderly had become entrenched in the 1898 legislation. It meant that the aged should receive a state pension as a right with the minimum of state interference. Such an approach was a rejection of any indignity involved in the use of a selective approach. For many "entitlement (to a pension) is not a question of charity, but reflects a recognition of the contribution the elderly have made to national development."⁽¹⁰⁾ As Mr Rowling stated, "When the New Zealand scheme is fully operative the workers of this country will be able to look forward with confidence to retirement with dignity and security."⁽¹¹⁾ Such an emotive plea is hard to toss aside.

Further to this the Government had planned that the new scheme was to be complementary to the existing system and that it is aimed at letting one prepare oneself for later in life. This they argue does not detract from the original aims of social security:

In 1938, under the first Labour Government, New Zealand became the first private enterprise country to provide a comprehensive social welfare scheme. It was accepted that all who during their life time contributed to the community were entitled as of right in their old age to an income from the community, and everybody automatically became entitled to fixed income. The philosophy behind that scheme is as valid today as it was then ... The flat rate benefit for all will continue to be paid but what people are looking for today more than ever before is an income related pension that will in their retirement enable them to enjoy the standard of living they enjoyed when they were bringing home a full wage.⁽¹²⁾

For the Opposition, this argument was not enough. Although they agree with the principles of the 1938 Act, and the notion of the dignity of the elderly, the Opposition questions the validity of the Government's policy. Many Opposition members see the new Bill as being against the spirit of social security.⁽¹³⁾ It "transgresses a principle which New Zealanders have held dear for many years: equality in retirement, equality under a social security scheme, equality under our social welfare or universal superannuation system."⁽¹⁴⁾ The Opposition's argument is against the use of market forces in welfare. They see that the New Zealand Superannuation Scheme is based on the principles of determination of benefit levels in direct relationship to wage levels, and thus "it is socially unjust and perpetuates into retirement the inequalities a man suffers in his working life."⁽¹⁵⁾

The Government rebuffs the Opposition's criticisms by reiterating that the New Zealand scheme was an attempt to improve the existing social security structure, and to provide security for those in New Zealand's future. They agree that the restructuring was an attempt to stop "the loss of individual rights under the present system."⁽¹⁶⁾

Again the Opposition's attack was against the discriminatory nature of the scheme and the coercive infringement of individual rights. As J.R. Marshall argued:

This legislation departs from a basic concept of the welfare state. One of the basic concepts accepted when social welfare was developed in New Zealand was that of the freedom from want as

the basis of individual opportunity ... Social security provides a floor above poverty, and that should be a continuing objective of the State ... it is not the function or the responsibility of the state to provide for more than the basic needs of the people in their old age ... having provided for the basic needs, the state should then provide opportunity, not compulsion.

Security obtained at the expense of liberty is bought at too high a price. That is what this Government is trying to do with the compulsory elements of this legislation. The traditional attitude ... has been to help the individual to help himself ... as long as Social Welfare provides for basic needs as a right, then the responsibility for providing more is a responsibility for the individual. The state should provide the bread, the individual the jam. (17)

Both the Opposition and the Government contend that the role of the State is to provide for the welfare of its citizens, but they differ on two points: first, the Government argues that their scheme is to assist the individual in preparing for retirement, and thus the scheme is compulsory so to cover all. This, they say, conforms to the traditional Labour Party principle of state humanitarianism. It is however the compulsory nature of the scheme that upsets the Opposition. As well, the Opposition rejects the scheme as it discriminates against those who are incapable of helping themselves. This is something the principle of welfare is supposed to do, and by its compulsory nature the scheme is likely to discourage those who have to join it because it is coercive. (18) The scheme discriminates against those unable to work, and therefore are unable to supplement their pensions from it in later life.

The Bill was passed on 21 August 1974, by 42 votes to 24.

The scheme was implemented the following year. The debate

over the Bill highlighted the consensus in New Zealand politics over the state's role in the welfare of its citizens, and the principles on which the New Zealand social welfare system was based. However the principles on which the New Zealand Superannuation scheme were based were seen to be against these principles: the Government was attempting to establish a thinly disguised free market policy which would continue social and economic inequalities into old age.

Endnotes:

1. W.E. Rowling, Parliamentary Debates (Hansard), Second Session, Thirty Seventh Parliament, House of Representatives, Vol.392, 9 July - 1 August, 1974, p.2898.
2. B.H. Easton, Pragmatism and Progress: Social Security in the Seventies, p.15.
3. D.B. Collins, "Formulating Superannuation Policy: The Labour Party Approach", in G. Palmer (ed) The Welfare State Today: Social Welfare Policy in New Zealand in the 1970's, Wellington, 1977, pp.26-27.
4. R.O. Douglas, Parliamentary Debates, Vol.392, p.2998.
5. R. Tizard, Parliamentary Debates, Vol.392, p.2938.
6. D.B. Collins, "Formulating Superannuation Policy..." in Palmer, The Welfare State Today, p.60.
7. See speeches made by L.R. Adams-Schneider and D.Thomson in Parliamentary Debates, Vol.392, pp.2922-3; and Vol. 393, p.3873.
8. W.E. Rowling, Parliamentary Debates, Vol.392, p.2898.
9. Ibid.
10. B.H. Easton, Social Policy and the Welfare State in New Zealand, p.65.
11. W.E. Rowling, Parliamentary Debates, Vol.392, p.2903.
12. T. Davey, Parliamentary Debates, Vol.392, p.2918.
13. L.R. Adams-Schneider, Parliamentary Debates, Vol.392, p.2923.
14. W.F. Birch, Parliamentary Debates, Vol.392, p.2930.

15. J.B. Bolger, Parliamentary Debates, Vol.392, p.3022.
16. W.E. Rowling, Parliamentary Debates, Vol.393, p.3847.
17. J.R. Marshall, Parliamentary Debates, Vol.392, pp.3094-5.
18. G.P.A. Downie, Parliamentary Debates, Vol.392, p.3143.

CHAPTER 4: NATIONAL'S RESPONSE: THE NATIONAL
SUPERANNUATION SCHEME

Superannuation became the major issue of the 1975 General Election campaign. Spurred by the National Party, the campaign focused on the New Zealand Superannuation scheme introduced in April 1975 by the Labour Government. The National Party argued against the coercive and discriminatory nature of the New Zealand Superannuation scheme and argued in favour of a more universal based superannuation scheme. Universal Superannuation was the initial intent of the 1938 Labour Government's social security policy but, due to the prevailing economic conditions and the cost of the scheme it was expedient for the Labour Government to introduce it then. Now, as a result of political manoeuvring it was apparent such a scheme would be introduced.

The election held on 29 November 1975 dealt a crushing defeat to the Labour Government; National swept in with an overwhelming majority. The incoming Government took up the superannuation issue immediately. The first Cabinet met on 12 December 1975 and immediately set up provisions to stop the payment of funds into the New Zealand Superannuation scheme. Parliament sat in June 1976 and the first piece of legislation introduced was a Bill to scrap the Labour administration's scheme.

The Superannuation Schemes Bill was introduced into the House on 25 June 1976. Its aims were three fold: first, to scrap the existing New Zealand Superannuation scheme, second to provide provisions for the private or voluntary superannuation schemes affected by the previous legislation, and third, to deal with the National Provident Fund. The Bill also set down the criteria for the payment of funds from the New Zealand Superannuation scheme.

For Members of Parliament, the Superannuation Schemes Bill was another opportunity to debate the principles and aims of superannuation and the role of the state in providing this. The argument developed by the Labour Opposition was one of self-help in the light of economic difficulties facing the State. Jonathan Hunt put it succinctly:

One of the key difficulties that Governments would face in the next 20 years would be that of finding enough taxpayers' revenue to provide the money for social expenditure in the future. Would it not have been better to ask people to contribute a little towards their retirement ... rather than having it handed out by the State almost in its entirety when they become 60?(1)

Mr Hunt's argument is one of economic reality. Labour had become concerned about the ability of the state to continue to fund large scale welfare measures, like superannuation, out of general revenue. The New Zealand Superannuation scheme had been an attempt to solve an aspect of that problem by getting the citizens of New Zealand to provide for their retirement by a small contribution. This they point out helps to enhance the individual's own sense of social security:

The scheme which the Government is trying to dismantle ... gives workers the opportunity, with the help of the employer, so that there will never be any poverty in the autumn of the worker's life. That is a great thing to be able to anticipate, and to know that you do not have to go back to the days of charity and the old places where you had to beg to get through the twilight days of your life. You have your superannuation; you are independent. It gives you human dignity ... (2)

The language employed by the Labour speakers expresses liberal values of independence and social and personal benefits gained by the individual acting to achieve and enhance his own security. This argument had been developed out of a perceived political and economic crisis brought on by the problems the state would face in attempting to finance its welfare function. The New Zealand Superannuation scheme was an attempt to deal with an aspect of this problem, but the National Government viewed the scheme as being coercive and thus infringing individual rights to welfare. National proposed an alternative scheme "where every New Zealander ... will as of right ... draw a livable wage. There will be no means test." (3) National members even quoted Labour activist, John A. Lee, to reinforce their policy:

"That there should be a minimum pension ... non-contributory, and that no consideration of where funds are to come from should be allowed to prevent a recommendation of the sort; that if universal superannuation is considered, the aim should not be to create an investment fund out of which to pay superannuation 40 years hence, but to make such appropriation as would allow the needs of superannuitants to be a charge annually on our financial resources ..." (4)

Such a plan "would be merely an immediate extension of the age benefit and the universal scheme. In fact, it will be a glaring example of the type of scheme Government members

condemned so pungently when they were in opposition and when opposed to the Labour Government's progressive legislation."⁽⁵⁾

The difference between Labour and National was over the role the state should adopt in providing welfare for the elderly. These differences did not attack the principles of welfare, but the criteria to be used in achieving the goal of giving the elderly a decent standard of living in retirement. Labour had adopted a rational approach in funding a scheme by contributions, with the aim of supplementing the existing system. National now advocated universal and comprehensive benefit coverage funded entirely out of state revenue. It was a rejection of any form of state coercion and an attempt to reward the elderly for their contribution to society. The Bill scrapping the New Zealand Superannuation scheme was passed on 22 July 1976. It left New Zealand without any state pension provisions for the elderly. The Government introduced the Social Security Amendment Bill in September 1976. This Bill dealt with three aspects of welfare legislation: first and foremost was the introduction of a new universal superannuation scheme, a taxable flat rate benefit, related to average wages for all New Zealand citizens over the age of sixty years, and of ten years residency.⁽⁶⁾ The other aspects of the Bill dealt with the Unemployment Benefit and Accident Compensation payments.

The National Superannuation scheme was simple: all were entitled. It was the culmination of the intended provisions for the elderly as originally set out by the 1938 Social

Security Act. The scheme committed National to an ideological position of universal entitlement in the welfare debate.⁽⁷⁾ For the Government a universal approach was a rejection of any notion of indignity inherent in the use of selective criteria. Such a position also made the debate more tractable; by treating all benefits as universal, the Government could introduce some measure of income abatement. That is, out of practicality benefits could be reduced according to the rates of any other income or holdings that the beneficiary might have. Income abatement does involve some indignity as it treats benefits as taxable income, and thus the state can claw back part of the benefit in an attempt to reduce costs.⁽⁸⁾

From the point of view of the 1972 Royal Commission the conflict over the criteria for benefit payment was a non-issue. The fundamental question concerned the method of achieving the stated objective of welfare. Universality as recognised by the National Government was an answer to the real indignities and stigma of receiving aid. It gives comprehensive coverage irrespective of the income or means of the individual recipient. The Commission recognised that support for universal payments of benefits was on two grounds: first, the belief that selective criteria is inseparable from the notion of a degrading means test, and second, that benefits should be paid as a right of citizenship. This is based on the notion that the citizen contributes to state revenue via taxation during his lifetime.⁽⁹⁾ But the drawback of a universal approach is in the first

instance that universal payment does not recognise need, and second the financial cost of such an approach is high. On the question of superannuation the Royal Commission concluded that:

The main justifications for the universal payment of the superannuation benefit are ... that universality does offer a way of rewarding those who have worked and served in the community for a long time, and that it removes any indignities which rightly and wrongly may be associated with selective benefits.(10)

The debate over the Bill centred mainly on the issue of the criteria for distributing the benefit. Three issues were highlighted, the universal approach, the use of selective measures, and the question of need were all raised in the broader question of the aims of social security. In the view of the Minister of Social Welfare, the Bill was "bold new social legislation ... it is a scheme that will give financial independence to people in retirement."(11)

Concerning the question of the criteria to be used in paying benefits, Mr Walker summed up the Government's position this way:

Our Social Welfare Policy has two concepts. The first is the insurance concept - that is, that benefits should be paid as of right. The universal superannuation comes into that category at present, and so too will national superannuation ... The other concept in our social welfare legislation ensures that needs are met. The National Government will continue to meet the requirements of people in need, but let us not under-estimate the value of the insurance concept - that a benefit should be payable as of right.(12)

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Unlike the Labour administration's scheme, the National Government's proposal provided comprehensive coverage to all groups in New Zealand society. The national superannuation proposal did not discriminate against any group in society. As the Minister stated, "No one under the national superannuation scheme is discriminated against. The women, the sick and the handicapped are all treated equally with able bodied members of the work force."⁽¹³⁾

From a political aspect, the new Bill was to be the culmination of the aims of the initial social security legislation of the 1930's:

By bringing together the universal superannuation and the age benefit, eliminating the income test, and making superannuation available as of right, the Government meets the wishes of the people ... In this measure the principle will be preserved that everybody will pay according to his or her income and everybody will receive the same benefit, that is fundamental to the Social Security System.⁽¹⁴⁾

From an economic perspective the issue was one of providing coverage for all, based on the insurance concept of social security. This meant "you pay according to your income, but everybody receives the same benefit."⁽¹⁵⁾ And, "Those on higher or medium incomes support national superannuation because the insurance concept means that, as of right, they are entitled to a return of the contributions they make over the years by way of taxation."⁽¹⁶⁾

Labour saw that the question of the benefit being taxable was a departure from the principles of the New Zealand welfare system. "This national superannuation scheme is

nothing more than a taxable age benefit payable to all over the age of 60. This Bill departs from the basic principles of the Social Security Act, which are to provide for those in need."⁽¹⁷⁾ To the Labour members, the National proposal was a socially unjust method of redistributing the nation's wealth, and for the Labour Party it was a chance to display its true political colours. Matiu Rata saw the problem like this:

If we are endeavouring to meet the retirement needs of those on a certain level of income, clearly it must be done in some other way. This is an unjust method of redistributing the nation's wealth ... If it means that our wealth is redistributed to those whose needs are greatest and that labour, rather than capital is rewarded, then I'm a socialist. This legislation rewards capital.⁽¹⁸⁾

His colleague, Russell Marshall, saw it this way:

It (the Labour Party) believes that if there is to be a redistribution of income it should not be by taking away from the people who cannot afford it and giving money to the people who have more than enough.⁽¹⁹⁾

Labour had identified that the national superannuation proposal did not identify the greatest area of need, and attacked it as being discriminatory against the poorer members of New Zealand society. Mrs Tirikatene-Sullivan puts the problem forcefully:

The concept of social welfare requires that scarce funds should be distributed to the areas of greatest need ... in any social welfare state some inevitably benefit who do not really deserve to do so ... This legislation is socially unjust, because almost all of the increase will go to those who are least in need ... there exist in our community people

who are in distinct need and do not have the resources to cope with their day-to-day basic living expenses. The Bill will not cater for them because they are not in the income area that will qualify for the greatest amount ... It is socially unjust, totally inequitable, and as I said at the beginning in breach of the social welfare concept.(20)

Although national superannuation would help to achieve an equitable retirement income for New Zealanders, Labour and National were divided over the methods by which this was to be achieved. National had adopted a conventional approach of funding such a scheme out of state revenue, with a clawback provision for those on a higher income bracket in an attempt to highlight an area of need in the lower income regions. Labour on the other hand saw the scheme as an impractical method by which to identify need. As Labour correctly pointed out, universal payment did not identify any specific area of need in the elderly population. Labour believed that the old age benefit supplemented by individual contributions was a better and more practical approach to the security of the aged.

The Social Security Amendment Act 1976, was a triumph of policy for the National Government. The New Zealand Superannuation Act was significant in that it dramatically altered the basis of state welfare provisions. It provided the National Party with a challenge to formulate an alternative scheme which was to achieve and supercede the historical objectives of the earlier 1938 social security legislation. National achieved the goal of providing universal pensions for all New Zealanders. The National Government policy was

purely political in the first instance. It was undeniably a vote catcher at the 1975 General Election. Second, the policy had a clear ideological base dealing with the aims and objectives of the welfare state.⁽²¹⁾ The payment of a taxable flat rate benefit out of general revenue recognised a need in the first instance and entitlement as of right in the second.

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12. V.S. Young, Parliamentary Debates (Hansard), First Session, Thirty-Eighth Parliament, House of Representatives, Vol.406, 8 September-13 October 1976, p.2929.
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18. M. Rata, Parliamentary Debates, Vol.406, p.2917.
19. R. Marshall, Parliamentary Debates, Vol.406, p.2923.
20. Mrs T.W.M. Tirikatene-Sullivan, Parliamentary Debates, Vol.406, pp.2581-82.
21. C.J. Booth, "The National Party's 1975 Superannuation Policy" in G. Palmer (ed) The Welfare State Today: Social Welfare Policy in New Zealand in the 1970's, p.132.

CHAPTER 5: LABOUR'S REPLY: THE TAX SURCHARGE

Little was to happen to the superannuation provisions until the return of the Labour Party to the Treasury benches in 1984. The changes to be implemented by the Fourth Labour Government were not technical changes to the superannuation provisions but a change to the clawback provisions of taxation relating to the national superannuation scheme. The Government indicated its intentions in its Budget statement of 8 November 1984 to introduce a surcharge against the incomes National Superannuitants received, over and above their national superannuation. The surcharge was to be applied to income exceeding \$5,200 per annum, that is, any income over \$100 per week above the national superannuation benefit.⁽¹⁾

The measure was introduced to the House in the Income Tax Amendment Bill 1984, immediately after the reading of the Budget. The Government invoked urgency provisions to rush the amendment through the House on the evening of 8 November 1984. The Bill gave superannuitants several options to choose from: either they could forego their superannuation and review it in the future, or opt to pay taxes on their alternative income.⁽²⁾

The debate over the Bill highlighted three issues. First, that the measures being implemented were taxation provisions, and not an attack on social policy: second, that the time

had come for the revision of social policy; and third, it was again a debate over the criteria for the payment of welfare benefits. It would appear that an amount of confusion arose over the first issue. It was seen as an attack on welfare benefits, but the interpretation of the Bill raised a misunderstanding over the surcharge. As Mr Prebble pointed out, the surcharge proposal was a tax on superannuitants' other income, besides superannuation. Superannuation was not touched unless the beneficiary elected to pay his surcharge tax from his benefit.⁽³⁾ The Government's reasons for introducing such a measure was given by Mr T. de Cleene as the:

ways and means of dealing with national superannuation - perhaps by a means test at a higher level - might have been found. But having given that commitment, and there being no other choice, and with the parlous economic conditions the Labour Government inherited ... it had no choice but to consider some form of clawback from what is the major payout from the welfare fund so that others less able to meet the travesties of life can get a bit of equity.⁽⁴⁾

Many National members attacked Labour's proposals as an outright confiscation of income. Jim McLay put National's position like this:

That provision alone represents a savage confiscation of a substantial portion of National Superannuitants' personal income. The Government is saying to many New Zealanders who have paid taxes that, although they are entitled to receive a national superannuation benefit ... it will confiscate a portion of the amount ... Could there be a better example of Orwellian double-talk in 1984? The Government is saying that if people entitled to receive the benefit

decide that its disadvantages are too great, they can decide not to receive it. Not only is that a savage confiscation of National Superannuitants' income, it is also a vicious confiscation of the fruits of their savings. (5)

Others also lamented the changes to national superannuation. Michael Cox put it in an historical perspective:

There has always been a franchise for New Zealanders at the age of 60 or 65 to receive some kind of superannuation without any means test. That has gone. Universal superannuation as it was introduced in the 1930's has gone as the result of the Bill. (6)

Others saw, like George Gair, that "The taxing of national superannuation (as setting) aside something that has been fundamental to New Zealand society for the last two generations". (7)

For the Government, time had come for the revision of some aspects of the welfare provisions. David Caygill quoted the then National Party Chairman, Sir George Chapman, in a National Business Review article:

"I believe that there are many voters who doubt the ability of the country, long term, to sustain the superannuation scheme in its present form. In my view, National in Opposition should no longer feel bound to the scheme in its entirety, and feel able to re-evaluate the long term economic implications of this political promise." (8)

But for the National Opposition, the provisions implemented under the National Superannuation scheme, already solved the problem by its claw back provisions. John Falloon quoted a letter from a superannuitant:

"My total income is such that I pay the maximum tax rate. This means that the law forces me to pay back to the consolidated fund 67 per cent of what I receive as superannuation. However, as I have a paid job the same law requires me again to contribute towards my superannuation. Along with thousands of others I am overjoyed with this arrangement. Every justice loving New Zealander appreciates the simplicity of the concept of universal superannuation and marvels that this sound principle has at long last been put to work. This letter is written to you, Sir, in the hope that you will publicise the fact that the law already acts in a just manner to cut superannuation payments to the wealthy."(9)

The real problem was over the adequacy of the national superannuation clawback provisions. Obviously the Labour Government did not think so.

The third issue was again the question of eligibility and the criteria to be used in the payment of benefits. Members of the National Opposition alleged that the Government was going against Labour's basic political philosophy. In reference to a letter he received, Mr G. Gair stated:

There is a background to the matter of national superannuation that goes right to the root of the Government's philosophy and its relationship with the least advantaged people in the community ... The Act (1938 Social Security Act) which featured large in the life of this New Zealander, stated in Section 11 that persons over 65 years were entitled to superannuation benefits, and then set out the terms and conditions. Since then a non-means tested benefit has been available to every older New Zealander as of right.(10)

The National Opposition alleged the Labour Government's proposal to be a form of means test to be applied to national superannuation, but as Dr M. Cullen pointed out, "the Labour Government is not introducing a means test ... Labour is

providing a separate taxation system ... the Labour Government is not changing the criteria of national superannuation. It is available as of right at age 60."⁽¹¹⁾ He went on to explain the Government's position: "The Government believes that the Social Welfare system is a means of funding income to those who need it. Social Welfare is a means of redirecting income in a manner that rights wrong social and economic injustices."⁽¹²⁾ The aim of the surcharge in the first instance was purely economic; it was an attempt to reduce spending on one of the biggest welfare schemes in New Zealand, and second, the Labour Government was attempting to apply the criteria of need, as a recognition that such a need existed in the community as a means of distributing welfare payments.

The Labour Government was not attacking the principles of welfare but questioning the means of distributing welfare benefits. The "attack" as launched by the Fourth Labour Government was an economic assault. In the response to a growing economic recession, the social and economic cost of universal welfare principles are being questioned. The response by the Labour administration was of an economic nature, an attempt to recover costs from those who did not really need the superannuation benefit. They saw it as politically expedient to alter the universal approach used to distribute pensions. Besides, the initial aim of the 1938 Social Security Act was to introduce a universal age pension to be paid to all at the age of 60. The Party's social conscience stopped it from altering the universal

provisions because they met the historical goal of the Party's social security aims. And second, because to do so would be seen as discriminatory, and an attack on the New Zealand social security system.

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4. T.A. de Cleene, Parliamentary Debates, Vol.458, p.1557.
5. J.K. McLay, Parliamentary Debates, Vol.458, p.1544.
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CHAPTER 6: SOCIAL SECURITY: A RE-APPRAISAL

The 1972 Royal Commission of Inquiry into Social Security concluded "that social welfare policies were in a state of flux all over the world. Everywhere old ideas and techniques ... were being questioned and re-examined."⁽¹⁾ Those questions are even more pertinent now in the 1980's. In part those questions have been spawned by the increasing economic problems of the period. Slowing economies and increasing inflation have changed the expectations of many citizens. The growth of unemployment and a lower standard of living are examples of this. Also the changing demographic characteristics of advanced western societies are causing problems. The 1986 New Zealand census figures observed that the population was aging, and that there was an increase in the population of those aged over 60. In 1981, 13.9% of the population were aged 60 or over; in 1986 this was 15.0%.⁽²⁾ Many people have also perceived a change in the nature of the welfare state. This has sparked a wide-ranging intellectual debate on the contemporary circumstances and the likely future of the welfare state. The central motif of this debate is the notion of a crisis in the welfare state: but what is the nature of this crisis?

First voiced in the early years of the 1970's, the call was for a restructuring of the existing post war welfare programmes. But why the need for reform? It is apparent that the use of

the term crisis is somewhat ambiguous. Is it that the social policies of the modern welfare state are in crisis? Or is it that the state itself is in crisis because of its welfare commitments exceeding its fiscal capacity?⁽³⁾ The main problem has been the continued expansion of the welfare state: that is, more financial outlay to support existing benefits, and expansion of the benefit structure. But faced with the slowing up of economic growth during the 1970's, this has placed a strain on welfare programmes.

On the surface the solution to such a problem is simple: either one must constrain the over-reaching state, or raise more taxes to finance welfare spending. At present the most coherent and popular solution is one of market forces. They offer the way to provide more efficient and effective delivery of welfare services without automatically increasing costs. Under such a system the state should confine its role to cash transfers and vouchers, and impose charges on services rendered. Such an approach would offer the individual a choice of various private welfare services, and would be funded up to a certain level by the state. It would make consumer choice supreme.⁽⁴⁾

The current economic difficulties facing the welfare state highlight a historical aspect to social policy. In almost all instances social policy has been developed in a period of relative economic prosperity usually following a period of economic troubles. The policy was usually developed to accommodate a notion of security in the light of past events. This in general has been the characteristic of the development of superannuation in New Zealand. Under favourable economic

conditions the state can afford to be generous in its approach, but in all instances it gave little thought to what would happen under adverse economic conditions in the future.

From an economic point of view a crisis does exist in the means to finance welfare commitments; it is not an attack on the purposes of welfare. In many ways welfare policy is a democratic interpretation of political authority. It is a criterion by which to legitimate state functions. This is directly "associated with the state's capacity to manage and distribute societal resources in ways that contribute to the achievement and securing of prevailing notions of justice."⁽⁵⁾ This calls to attention the limited variety, internal complexity and political inconsistencies of functions assigned to the state. On the simplest level the basic aim of welfare is to provide for a better society. This is based on the notion of the idea of community, that is, the state as a whole, as a community of common interest. The value of having the community united is the driving force behind the principles of the welfare state. Each member in turn benefits from and contributes toward it. To deny that everyone has a stake creates divisions.

The 1972 Royal Commission of Inquiry into Social Security concluded that in New Zealand the development of welfare had been a pragmatic response to local requirements and experience rather than a response to the influence of an ideological theory. The main aim has been "community responsibility for ensuring that all members (of the community)

have a reasonable standard of living." (6) But also "the goal is to enable any citizen to mix with other New Zealanders as one of them, as a full member of the community - in brief to belong." (7) Therefore the main aims have been to sustain life and health, and participation in and a sense of belonging to the community. As the Social and Cultural Committee of the 1968 National Development Conference concluded, "The uniqueness of each individual contributes to the richness of society and should be preserved. We should encourage every citizen to achieve the most complete physical, mental and emotional development possible." (8) And this is achieved by the means of implementing social policy.

The principles on which New Zealand social policy are based are one of "giving help to those in need with a degree of universality based on the selection of categories where need may reasonably be assumed to exist or where some other criteria are applied." (9) The principle is one of community responsibility with comprehensive coverage based on a degree of need.

In the 1986 Mackintosh Memorial Lecture, the Prime Minister, David Lange, defined the role of the contemporary welfare state as one that must:

allow for and encourage the exercise of individual and community responsibility. It must avoid paternalism and the creation of dependence. It must fundamentally, allow all members of the community the means to live decently. (10)

The role of the state "is to reduce as much as possible the

socially damaging and disruptive effects of an economy which depends on self interest without intervening to the point where the economy loses its motive force."⁽¹¹⁾ State intervention is necessary, as Mr Lange pointed out. "The market will never do justice to the people ... in the end the market has as its *raison d'etre*, inequality."⁽¹²⁾

The market approach is destructive of notions of community. It argues that communities are restrictive and suffocate innovation and hence the ideological right argue that welfare should be based on a contract or voluntary association compatible with the individualism of the market place. The market will not secure equal distribution of resources for all members of society. In a democratic society every citizen should have an equal right to the resources which are necessary for him to act as an agent, but since a market approach cannot secure these resources for all members of society, the state has to secure these independently of the market.⁽¹³⁾

Today the main question is over the role of the state and its relationship to the capitalist market. Should the state sustain, supplement or supplant the free play of market forces in achieving an equitable allocation of resources?⁽¹⁴⁾ The debate over the state's role in superannuation policy in New Zealand during the 1970's and 1980's is an illustration of this question.

In no way have the changes in the superannuation provisions been an attack on the concept of social security in New Zealand.

Instead the changes have been characterised by a search to make social security more efficient and effective in its approach. The New Zealand superannuation scheme was an attempt to enhance the existing welfare provisions for the elderly. The scheme's aim was to supplement the existing old age benefit and the universal superannuation benefit paid to all New Zealanders, at 65. The scheme was intended to make these benefits more effective in the coming decades. The principle of the new scheme was an insurance based concept of welfare, and was a departure from the notion of universal state funding of welfare from general revenue.

The approach the National Government took in 1976 was a radical departure in an age where most states were searching for a means to limit state spending on large welfare commitments like age pensions. In essence the National superannuation scheme was a political vote-catcher. It was the culmination of the aims of the original Social Security Act of 1938. National superannuation was a change of direction in the approach to welfare in New Zealand in that it scrapped the notion of need as a criteria for the distribution of benefits in favour of one universal pension to be paid out of general revenue.

With the principle of universal superannuation now firmly entrenched in New Zealand society, the 1984 Labour Government was forced to adopt another strategy in an attempt to recover costs incurred by the welfare state. In its search for effectiveness the Government imposed a tax on superannuitants' other sources of income. It was by no means an attack on the principles of social security as such "social services

should be ideally free, universal and comprehensive".¹⁴⁾ By initiating such an approach the Labour Government returned to the basic aim of the 1938 Act. Benefits are paid under a notion of universal entitlement while being selective. This means the surcharge taxes those with most and who do not need the state pension, and returns these funds to the state to redistribute.

By this approach the debate over superannuation has returned to the basic principle in New Zealand social policy: universality with a criterion of need as the basis for distributing welfare. The debate during the past fifteen years has focussed on the principles of social insurance schemes, complementary to the existing system, principles of universal benefits and then a return to principles of the earlier legislation.

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4. C.N. Stone, "Whither the Welfare State? Professionalism, Bureaucracy and the Market Alternatives" in Ethics 93, April 1983, p.593. Editorial, National Business Review, 18 September 1987.
5. C. Offe, Disorganised Capitalism: Contemporary Transformations of Work and Politics, Cambridge, 1985, p.5.
6. Royal Commission, Social Security in New Zealand, p.57.

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9. Ibid, p.57.
10. L. Clark, "Keeping Labour True to its Traditions" in National Business Review, 18 September 1987, p.17.
11. Ibid.
12. Ibid.
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14. P. Lee and G. Rabon, "Welfare and Ideology" in Social Policy and Social Welfare, (ed) M. Loney et al, Milton Keynes, 1983, p.22.
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CHAPTER 7: CONCLUSIONS

The development of a superannuation policy in New Zealand since 1970 has been the result of a search for effectiveness in an area of large Government spending on welfare. The positions developed by the two major political parties has been pragmatic dictated by economic concerns and by political moves. For the Labour Party the passage of the 1938 Social Security Act had, in part, achieved the historical goal of their movement. In the post war era this led to a pragmatic approach to welfare based on the prevailing economic and social conditions. This is also true of the National Party; it had adopted the conventional wisdom of social security in an age of consensus politics.

In the last fifteen years the debate over welfare has been one over a search for efficiency in a time of economic trouble. The issue has been whether the accepted principles of social security are still applicable now: can the state continue to fund large scale and expensive welfare measures out of general revenue? In the light of current economic trends this does not appear possible, then again it would be impossible for the state to give up the concept of social security without threatening its very existence. The debate is about the role of the state in the life of the individual. Today that role is firmly entrenched in providing for the welfare of the citizen.

At present there is still unanimity about the need to maintain and improve welfare provisions, but now the real argument is about the best way to achieve these objectives. The debate over superannuation has been about achieving an adequate standard of living for our elderly citizens. Whether this has been achieved is open to dispute. At present new views are being expressed over the efficacy of our existing provisions. It is a change of direction and a reassessment of ideas about the role of the state. The state must remain open and receptive to these ideas in the future to ensure that an equitable society is maintained.

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